

providers interest to have customers on the network, not off of it. This will become increasingly true as competition develops in the local marketplace and as rates move closer to economic costs. Competitors will strive to meet the needs of the marketplace and will respond by developing programs to encourage customers to use their services. This competitive impetus along with the existing low income mechanisms should be allowed to meet the needs of the low-income consumer. If Subscriber penetration for the basic local telecommunications services begins to drop, the Commission and the States can then review and determine whether regulatory intervention is necessary.

X. SUPPORT FOR EDUCATIONAL INSTITUTIONS AND HEALTH CARE PROVIDERS.

The Commission seeks comment on the tasks it deems essential to implementing Sections 254(c)(3) of the Act regarding the additional services that should be supported for schools, libraries, and health care providers and the 254(h)(1) regarding appropriate discounts for rural health care providers on the one hand and schools and libraries on the other.²⁰

Sprint acknowledges the importance to this Nation of maintaining the best education and health care systems in the world. Having the best educated student body in the world and world class health care for the entire Nation is in the interest of every citizen, and clearly has a direct impact on every

20. NPRM at para. 71.

citizen. Sprint further acknowledges that the telecommunications policies established by this Commission, especially those dealing with universal service, will have a tremendous impact on whether such world class systems are maintained.

However, it is premature to rule on what additional or advanced services should be supported. Many of the advanced services mentioned by the Commission are in their infancy and are still evolving. Until such time as the education and rural health care marketplace has determined, through subscribership, which services are desirable and necessary, no services should be specifically identified as requiring support.

Furthermore, at least in the school and library context, it is premature to prescribe a discount methodology until the specified services, and most importantly the cost of implementing and provisioning such services, are determined. With regard to a discount methodology for rural health care providers, the task is simpler. The discount should be the difference between the nation wide average tariffed rate for services provided in urban markets with the nation wide average tariffed rate for similar services provided in rural markets.

XI. INDEPENDENT ADMINISTRATOR

Sprint believes that an independent, non-governmental administrator should be used. An entity such as NECA could play that role provided that certain changes in NECA's governance occur. NECA is largely governed by LECs and in particular small LECs. Inasmuch as all telecommunications providers will be

contributors to the fund, Sprint believes that to be truly independent, NECA would need to add representatives of larger LECs, IXCs, CMRS providers, etc. to its Board.

XII. CONCLUSION

Sprint urges the Joint Board to recommend and the Commission to adopt the Sprint proposal for universal service as explained above. Simply put, this proposal urges the Commission to adopt the BCM for purposes of determining the economic cost of basic residential telephone services, the services that would be supported. The Commission should determine a federal benchmark affordable price for such services. The federal subsidy would be available for those high cost areas i.e. CBGs where economic cost, net of other explicit subsidies, exceeds the federal benchmark affordable price. The State jurisdictions would be responsible for the difference between economic cost and actual rates charged to end users.

All interstate telecommunications service providers would pay into the Federal fund based on total telecommunications revenues net of payments to intermediaries. Any eligible carrier

providing the supported services at economic cost in a high cost
CBG would be eligible to receive the portable subsidy.

Respectfully submitted,

SPRINT CORPORATION

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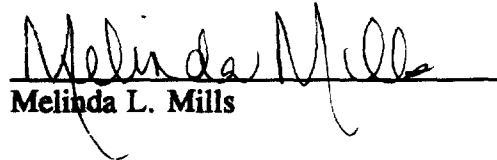
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April 12, 1996

CERTIFICATE OF SERVICE

I, **Melinda L. Mills**, hereby certify that I have on this 12th day of April, 1996, sent via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Comments" of Sprint Corporation in the Matter of Revision of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, filed this date with the Acting Secretary, Federal Communications Commission, to the persons on the attached service list.


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